

**MWPAAC RWSP Policy Review Task Force**  
**Discussion/Proposed Amendments**  
**Potential Asset Management Policies**  
**WORKING DRAFT**

Existing Policies that Refer/Relate to Asset Management K.C.C. 28.86.110 (Wastewater Services Policies)	Task Force Proposed Amendments as of February 26, 2015	Task Force Comments/Discussion	Subcommittee/full MWPAAC comments
	<p><u>Explanatory material. The primary objectives of the County's strategic wastewater asset management plan and asset management program are to manage the whole lifecycle of wastewater capital assets in a manner that minimizes the total costs of owning, maintaining, and operating them; and to deliver a level of service that meets regulatory requirements, ratepayer expectations, and established risks of failure.</u></p>	<p><i>January 29, 2015 discussion:</i>  There was discussion about the strategic asset management plan (SAMP) versus the asset management program. WTD staff clarified that the SAMP provides the framework for the County's asset management program; the SAMP establishes the program.</p> <p><i>January 6, 2015 discussion:</i>  The task force reviewed the statement that WTD staff drafted, and made adjustments. The language attempts to capture the discussion.</p> <p><i>December 2, 2014 discussion:</i>  WTD staff reviewed the Strategic Asset Management Plan (SAMP) and this statement was included in the SAMP, and may serve as a mission-type statement that a task force member suggested be included.</p>	<p><i>Full MWPAAC approved the Task Force recommendations at its April 22, 2015 meeting.</i></p> <p><i>There were no comments or proposed changes made to any of the Task Force proposed amendments at the Engineering and Planning subcommittee meeting on March 5, 2015.</i></p>
<p>WWSP-9: To ensure the region's multibillion-dollar investment in wastewater facilities, an asset management program shall be established that provides for appropriate ongoing maintenance and repair of equipment and facilities. The wastewater maintenance budget, staffing levels and priorities shall be developed to reflect the long-term useful life of wastewater facilities as identified by the asset management program</p>	<p><u>Asset Management Policy (AMP)-1. King County's wastewater asset management program shall follow the guidance outlined in EPA's asset management framework.</u></p>	<p><i>January 29, 2015 discussion:</i>  There were no changes made to the proposed language.</p> <p><i>January 6, 2015 discussion:</i>  The task force suggested bringing EPA's ten-step framework to the February E&amp;P discussion on asset management.</p> <p>There was also discussion that it would be helpful for the task force to know how the County is doing on the steps, perhaps there should be policy guidance established to move forward on the other steps.</p> <p><i>December 2, 2014 discussion:</i>  A task force member suggested it might be good to have a statement about following EPA's asset management guidance. This draft policy is an attempt to capture the intent of that discussion.</p>	
	<p><u>AMP-2: King County's asset management strategy shall be based on levels of service that are determined through an asset criticality assessment and ranking. Reliability centered maintenance (RCM) shall be used to determine asset criticality, which is based on an asset's likelihood of failure and consequence of failure.</u></p>	<p><i>February 26, 2015 discussion via email:</i>  Task force members agreed through email to the policy language shown in AMP-2.</p> <p><i>February 18, 2015 discussion:</i>  There were questions on if there are established levels of service, where are they referenced, and should there be a reference in the policy. There were also questions on if</p>	

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		<p>levels of service should be re-evaluated. The task force members asked WTD staff to try to flesh out the policy.</p> <p><i>January 29, 2015 discussion:</i> There were no changes made to the proposed language.</p> <p><i>January 6, 2015 discussion:</i> The task force suggested that a statement like this might be helpful to have as a new policy. <i>WTD staff checked with its asset management staff and confirmed that the division does have established levels of service that incorporates as risk of failure analysis.</i></p>	
WWSP-10: The asset management program shall establish a wastewater facilities assets management plan, updated annually, establishing replacement of worn, inefficient and/or depreciated capital assets to ensure continued reliability of the wastewater infrastructure.	<p><u>AMP-3. King County shall base its decisions to rehabilitate or replace wastewater assets on data such as asset criticality (risk and consequence of failure), condition, performance criteria, and lifecycle costs (costs associated with operations, repair, maintenance, and replacement).</u></p>	<p><i>January 29, 2015 discussion:</i> There was a suggestion to define the meaning of “asset criticality” and “lifecycle costs”. The definitions are included in the parentheses.</p> <p><i>January 6, 2015 discussion:</i> The task force made some clarifying language adjustments to the policy. There was also discussion on whether or not the highlighted term “risk of failure” is needed in the policy, as risk of failure is a part of “asset criticality”.</p> <p><i>December 2, 2014 discussion:</i> This draft policy is an attempt to capture some of the key objectives in the existing Strategic Asset Management Plan as well as some of the discussion at the Dec. 2 meeting.</p>	
	<p><u>AMP-4: The County shall maintain a long-term forecasted list of asset management needs for use in financial forecasting.</u></p>	<p><i>February 18, 2015 discussion:</i> Task force members wondered if the term long-term should more defined, such as 50 years. Members asked WTD staff to check in with asset management staff regarding the reference in the SAMP on page ES-4 regarding the action item to develop long-term restoration and replacement plans for existing assets.</p> <p><i>WTD staff checked in with its asset management staff. WTD continues to develop an asset refurbishment and replacement forecast tool to track the engineered life of critical assets. The tool is used in conjunction with Maintenance Best Practices (MBP) condition and performance data and other measures to determine when asset refurbishment or replacement is needed.</i></p>	

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		<p><i>January 29, 2015 discussion:</i> Task force members discussed the need for a long-term forecast of asset management needs and its incorporation into financial forecasting. The policy language is an attempt to capture this discussion.</p> <p><i>January 6, 2015 discussion:</i> Task Force members noted that it would be helpful to know more about WTD’s asset management program and members decided to hold off on additional review/development of asset management policies until after they hear more about the program.</p> <p>Task Force members noted that they would like to see asset management projects as a distinct, clear element in the CIP, with a driver(s) identified for each project. They felt that explanation of individual asset projects is missing from the budget and instead it seems to be just a monetary placeholder.</p> <p>There needs to be a shared understanding of how asset management priorities are captured in the CIP. It was noted that at times an asset management project has a growth component to it, and vice versa. Just as there are growth projects identified through 2050/2060, it would be helpful for the asset management program to identify what needs to happen through that timeframe, with the understanding that things can change over time, such as decisions to add or decrease the expected life of a specific asset.</p> <p>Clearly identifying the primary drivers of a project also helps with transparency and general understanding with what is being accomplished by a project. When someone sees a project labeled “new” they don’t understand it is or isn’t new infrastructure. Is a project in place to replace aging infrastructure and a growth component is being added so it doesn’t have to be done twice? This type of information is critical and tied to development of the capacity charge. It will show how much we invest to keep system working and how much is invested for new growth and help decision makers understand how much it costs to ensure system doesn’t fail. It’s important to have the conversation now about the level of funding needed to avoid a “popping balloon” in the future.</p>	

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		<p>There was also a comment that replacement projects should be cash funded not debt funded.</p> <p>There was also a question on whether or not there should be a policy that directs the County to have a 30-year asset management program.</p> <p><i>December 2, 2014 discussion:</i> This draft policy is an attempt to capture some of the key objectives in the existing Strategic Asset Management Plan as well as some of the discussion at the Dec. 2 meeting.</p>	
	<p><u>AMP-5. King County shall update its wastewater strategic asset management plan every five years and its associated project list annually.</u></p>	<p><i>February 23, 2015 discussion:</i> Task force members mentioned their preference for the project list to be updated annually, outside of the SAMP updates.</p> <p>The policy as written reflects this discussion.</p> <p><i>January 29, 2015 discussion:</i> The task force suggested substituting “every five years” for updating the plan in place of “on an ongoing basis”. During the discussion on WTD’s asset management program, WTD staff noted that the intent is for the asset management plan to be updated every five years.</p> <p><i>January 6, 2015 discussion:</i> There was a question about what kind of reports are really needed and how often. MWPAAC would like to know on an annual basis. There were also questions about what is included in the Strategic Asset Management Plan (SAMP). Members noted they hadn’t seen it, and would like to know the role and purpose of the plan.</p>	
	<p><u>AMP-6 Financial Policy #. King County shall strive to have its routine wastewater repair and replacement projects cash funded versus debt funded.</u></p>	<p><i>February 18, 2015 discussion:</i> WTD staff noted that if the task force decides to continue to propose this policy, it most likely would belong in the financial policies section.</p> <p>Some task force members preferred putting the word “routine” in front of “wastewater”; others preferred keeping it as is.</p> <p>This policy will be discussed again during discussion of the financial policies.</p>	<p><i>April 2, 2015, Rates and Finance Subcommittee meeting:</i> Rates and Finance Subcommittee suggested the policy be re-written to state: <u>King County shall strive to have its routine wastewater <i>rehabilitation</i> and replacement projects cash funded versus debt funded.</u></p> <p><i>The suggested change substitutes the word “rehabilitation” for “repair”; subcommittee members felt that “repair” implies maintenance rather than extending useful life.</i></p>

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		<p><i>January 29, 2015 discussion:</i> There were questions on whether or not such a policy belongs here or in the financial policy section.</p> <p><i>WTD staff consulted WTD finance staff, and they noted that if such a policy were to be proposed, it would belong in the financial policy section.</i></p> <p><i>January 6, 2015 discussion:</i> Task force members suggested a policy be developed that shows King County will evolve into a cash-funded asset management program versus debt funded. There was a question on whether a policy like this should be added to the financial policies versus in an asset management policy section.</p>	